Information Technology Investment Board

DRAFT
Minutes

Finance and Audit Committee
Wednesday, July 19, 2006
1:30 – 3:30 p.m.
VITA Operations Center, James River Conference Room
110 South Seventh St., Richmond, VA 23219

Members Present:
Walter Kucharski
Len Pomata
Jim McGuirk, Acting Chair

Members Absent:
Scott Pattison

Others Present:
Lem Stewart, CIO
The Honorable Aneesh P. Chopra, Secretary of Technology
Judy Napier, Deputy Secretary of Technology
Tim Bass, Enterprise Applications Project Office
Jim Roberts, VITA Finance and Administration Director
Barb Rudolph, VITA Budget Director
Dana Smith, VITA Controller
Peggy Ward, ITIB/VITA Internal Audit Services Director, Committee Staff
Karen Helderman, Auditor of Public Accounts
Jerry Simonoff, VITA Technology, Strategy and Solutions Director
Suzanne Piland, VITA Executive Advisor to the CFO
Dan Ziomek, Project Management Division Director

Call to Order
Mr. McGuirk, Acting Chair, called the meeting of the Information Technology Investment Board Finance and Audit Committee to order at 1:35 p.m. and welcomed all. Mrs. Ward called the role. There was a quorum.

Approval of Minutes

Mr. McGuirk presented the minutes of the April 5, 2006 Finance and Audit Committee meeting.

A motion was made by Mr. Pomata and seconded by Mr. Kucharski to approve the minutes as presented.

All voted in the affirmative.

Finance Report

Mr. Roberts briefed the Committee on VITA's revenues and expenditures through May 31, 2006, noting that fiscal year to date activity was in line with expectations and the budgetary plan. He stated that cash flow was something of a problem during the last quarter, as it has been in past years – though by June 30 the agency had a healthy cash balance of about $19 million. The pattern of year-end spending by the agencies continued, and smoothing out that pattern and cash flow is part of what is being addressed by the new Memorandums of Understanding.
Overall activity is summarized in the following table:

(millions)	FY06 Budget	YTD actual- thru May	Actual as %
Revenues	$296.1	$266.0	90%
Expense	293.0	255.7	87%
Net Change	2.0	10.3	
Retained Earnings July 1	$51.4	$54.1	
Retained Earnings YTD	$53.4	$64.4	

In related matters Mr. Roberts reported that the second phase of Memorandums of Understanding with agencies was well underway for FY 2007 billings and service levels.
He briefed the Committee was also briefed on final budget bill actions in considering the delayed legislative actions on both the FY 2006 and FY2006-2008 Budget Bills. Finally, he presented the FY 2007 VITA Budget, which totals about $320 million, most of which will be invested in the Partnership. Overhead and indirect costs were reported as coming more in line with where the Board expected it to be.

The FY 2007 VITA budget is summarized in the following table

(millions)	ISF	Enterprise	GF	Special	Federal	Total
Revenues	$256.3	$54.2	$6.2	$3.0	$0.0	**$319.7**
Expense	253.8	55.2	6.2	3.0	0.4	**318.5**
Net Change	2.5	(1.0)	0.0	0.0	(0.4)	**1.1**
Retained Earnings July 1, 2006	41.4	21.2	0.0	0.8	0.4	**63.8**
Retained Earnings June 30, 2007	**$43.9**	**$20.3**	**$0.0**	**$0.8**	**$0.0**	**$64.9**

Internal Audit Report

Mrs. Ward informed the Committee that the full ITIB would be briefed on the NG Partnership Audit Clauses at the meeting on Thursday, July 20.

An Update on APA Activities was provided:
- Audit of Information Technology and VITA Operations was completed and contains 21 recommendations.
- Audit of the financial operations of Virginia Interactive was completed and there were no findings or recommendations.

The Committee reviewed the Corrective Action Plan for the Audit of Information Technology and VITA Operations. Of the 21 corrective actions, two were yellow and 19 were green. Mr. Pomata asked why the resolution to the funding issues noted for #13 "Improve PMD Effectiveness & Efficiency" was not included in the Corrective Action Plan. Mr. Simonoff stated that he would amend the plan to include analysis of the cause. *Mr. Kucharski moved and Mr. Pomata seconded that the Finance and Audit Committee recommend that the ITIB approve the corrective action plan with #13 amended as discussed.*

All voted in the affirmative.

Two of the actions would be completed by ITIB actions the following day (Commonwealth Strategic Plan for Technology & PMD Standard). Three remaining revolved around information security issues. The Committee directed that the Corrective Action Plan be redone with one person accountable to the Committee for ensuring the dates are met or providing the rationale for revised dates. The Committee also directed that the report clearly delineate whether there is a direct relationship to the partnership.

The Committee was briefed on the Internal Audit Services Activities noting that they are behind schedule due to vacancies, focus on the partnership audit clauses and other responsibilities. Ms. Ward noted that the IAS Director and Senior Auditor positions are being advertised. Mr. Stewart noted that the new Deputy CISO had been hired and would be starting soon.

Enterprise Applications Project Office

Tim Bass briefed the Committee on the start up plans for the EA project Office.
He stated that he needs to establish the EA Program's management team and office operation to establish the envisioned governance framework and complete the plans.

- 3 staff (Program Director, Senior Project Manager, Senior Business Manager)
- Office location to be Old City Hall
- Use of central services (DOA, DHRM and VITA/NG)
- Typical office supplies, workstations and shared printer
- Modest use of external consultants for analysis and planning assistance

Mr. Pomata moved and Mr. Kucharski seconded that the Committee recommend the ITIB approve the immediate release of $550,000 of FY07 appropriated funds for the EA Program (as defined in section 54.10 / 74704 of the Appropriations bill and held in the Virginia Technology Infrastructure Fund) for use by the EA Program for the purpose of establishing governance called for by Code and to facilitate detailed planning called for by ITIB policies and procedures.

All voted in the affirmative.

Mr. McGuirk requested that the VITA Report include the $11 million dollars for EA and an accounting of disbursements irrespective of in what actual accounts the funds reside.

Other Business

Mr. Kucharski stated that the ITIB should consider and discuss through which Committee Security should report. The Committee discussed placement through either the IT Infrastructure Committee or the Commonwealth IT Solutions Committee. The Committee decided to discuss this further at the ITIB meeting.

Mr. Kucharski also provided information on his Office's work under Senate Joint Resolution 51 concerning information security in the Commonwealth. He distributed a checklist that agencies would be requested to complete in the coming weeks. He stated that one recommendation in the report would be to change the use of the term "government database" within the Code section.

Public Comment

None

Adjourn

There being no further business, the committee meeting adjourned at 3:15 p.m.